



RCA¹ Public Policy Objectives for Universal Service Reform December 2010

USF Reform Generally

- **Funding must be competitively and technologically neutral** – cannot favor or disadvantage any class of funding recipients or any type of technology used to provide service in rural and high-cost areas
 - Important for FCC to recognize ever expanding role of mobile wireless communications for both voice and broadband services
 - Consumers are increasingly choosing wireless as their primary mode of communications
 - Any phase-down of support must have equal transitions for wireline and wireless carriers
 - RCA opposes NBP proposal for 5 year phase-down of wireless voice support/10 year phase-down of wireline support
 - RCA supports 10 year phase-down of support for both ETCs and CETCs, with no flash cuts
- **Funding must be provided on a highly disaggregated basis, and efficiently targeted to rural and high-cost areas where support is most needed**
 - Support must be carefully targeted to areas where the business case for voice service or next generation technology does not exist without such support
- **Funding must be success-based and forward-looking**
 - Success-based: support should be tied to the customer not the carrier, and should shift with the customer if the customer switches carriers. “Facilitate a market-based approach whereby each end-user comes to be served by the most efficient technology and carrier.” (Federal State Joint Board, First Report and Order, 1997)
 - Incentivizes cost-effective deployment and service
 - Incentivizes competition: lower rates and better service
 - Eliminates risk of significant USF growth
 - Forward-looking: level of support should be based on a forward-looking cost model. If necessary, different cost models could be established for wireline and wireless carriers.

¹ RCA represents the interests of nearly 100 regional and rural wireless carriers with licenses covering more than 80 percent of the U.S.



- **Reforming USF to accomplish ubiquitous broadband deployment must accomplish the statutory principle that services in rural areas should be reasonably comparable – in both price and quality – to services available in urban areas**
 - RCA supports 4/1 speed as established in the National Broadband Plan
- **USF should support the provision of advanced broadband and voice services in rural and high-cost areas**
 - Transition away from legacy support must mirror industry conversion from voice to IP networks to avoid prematurely abandoning legacy voice networks
 - No phase-down of support until FCC implements an adequate replacement support mechanism

Proposed Mobility Fund

- **RCA supports FCC's objectives to accelerate investment in broadband infrastructure and to make broadband more accessible in rural and high-cost areas**
- **Proposed Mobility Fund would not be an effective step toward USF reform**
 - Single winner reverse auctions will not benefit consumers
 - Would establish a monopoly provider, and thus encourage poor service or high prices – or require intensive government regulation to monitor service levels and pricing
 - Would encourage anti-competitive incentives to participate, including blocking support for competitors or off-setting contributions
 - Would favor larger carriers, and as proposed, could result in a single nationwide winner
 - Small geographic areas (census tracts) could result in an inconsistent checkerboard of service and technology, leaving unserved areas and dead spots
 - Proposed funding level is wholly insufficient, will provide only token assistance for broadband deployment, and will do so only on a one-time basis
 - Critical for funding to support not only capital expenses, but also operating expenses
 - Carriers already providing 3G in rural areas should not be penalized – they should be eligible to participate so as to seek funding for 4G.
- **Cost Model combined with success-based, portable funding is a better approach**
 - Cap support at an appropriate level; do not limit the number of eligible service providers
 - Encourages competition and new competitive entry